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FM AMEMBASSY BAGHDAD
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4975
INFO RUCNIRA/IRAN COLLECTIVE PRIORITY
RUCNRAQ/IRAQ COLLECTIVE PRIORITY

C O N F I D E N T I A L BAGHDAD 002695

SIPDIS

E.O. 12958: DECL: 10/07/2019
TAGS: [PGOV](#) [PREL](#) [ECON](#) [EFIN](#) [IZ](#)
SUBJECT: IRAQI SPEAKER ON ELECTIONS LAW, INVESTMENT LAW,
HYDROCARBONS

REF: BAGHDAD 4925

Classified By: Ambassador Christopher R. Hill, for reasons 1.4 b and d.

11. (C) Summary: Iraqi Speaker of the Council of Representatives Ayad Sammarraie confirmed to the Ambassador October 5 that that the first reading of the draft election law took place the day before. He expressed hope that the election law would be passed in the next ten days. The speaker acknowledged that serious differences remain over the issues of Kirkuk and open versus closed lists. Regarding the investment law, Sammarraie predicted -- wrongly, it turns out -- that it would pass October 5. Sammarraie took on board the Ambassador's point about the importance of COR passage of the British security agreement and mused that with the high attendance in the COR because of the election law debate, it made sense to put it on the legislative calendar in the next week. The Ambassador welcomed the Speaker's suggestion that it might make sense to create an advisory group or independent board to advise the Ministry of Oil on oil contracts. Sammarraie said he was postponing plans to travel to Washington until after the January parliamentary elections. End Summary.

FIRST READING OF ELECTION LAW TAKES PLACE

12. (C) Iraqi Speaker of the Council of Representatives (COR) Ayad Sammarraie acknowledged to the Ambassador October 5 the COR had achieved the first reading of the Election Law on October 4. Sammarraie expressed hope that the law could be passed (two more readings) by next week. (NOTE: Following passage, the Presidency Council would need to ratify the law. END NOTE.) The Speaker cautioned that it would not be easy, noting that when the second reading occurs, likely on October 6, it will set the stage for members to propose their amendments and express substantive objections, not allowed at the time of the first reading. He predicted acrimonious debate over the issue of Kirkuk and a spirited exchange of views on open versus closed lists. On the positive side, there were 185 members present in the session (begun October 3 and carried over October 4), a large number that in his view -- if attendance remained that high -- could facilitate passage.

13. (C) Sammarraie feigned ignorance about the fact that some political leaders were paying lip service to the idea of open lists but were privately seeking to run out the clock so that there would be a default to closed lists (reftel). In his view, most members seemed to be expressing a preference for open list, except for the Kurds. Sammarraie's personal political assessment was that it would not make much difference whether there were open or closed lists. "It will be about the same," he said. While couching his overall assessment of the prospects for passage in positive terms, he also acknowledged that it was not clear how "how things will go." (COMMENT: We have since heard from other contacts that passage will be extremely challenging, especially given the

Kirkuk issue. END COMMENT.)

PREDICTION ABOUT INVESTMENT LAW PROVES FALSE

14. (C) Regarding the investment law, Sammarraie predicted it would pass October 5. (COMMENT: It did not pass, we learned subsequently. The COR spent most of the day interrogating the Chairman of the Independent Higher Electoral Commission and merely voted not to consider the investment law in advance of that interrogation. The IHEC chairman ended up taking quite a pummeling. END COMMENT.) Sammarraie taking quite a pummeling. END COMMENT.) Sammarraie acknowledged that passage could provide a significant boost to the Investment Conference in Washington later this month and would also serve as a positive sign for investors focusing on possibilities in Iraq.

BRITISH SECURITY AGREEMENT BACK ON THE TABLE?

15. (C) In answer to the Ambassador's inquiry about prospects for passage of the British security agreement, the Speaker explained that COR members from the Sadrist Trend strongly opposed the agreement. A significant number of additional COR members also opposed the agreement, although less openly, usually choosing to absent themselves from the COR whenever the issue was raised. Sammarraie took on board the Ambassador's point that the agreement was critical in ensuring British naval protection for Iraq's oil platforms and mused that with the high attendance in the COR because of the election law debate, it made sense to put it on the legislative calendar in the next week. (COMMENT: We heard subsequently from the British DCM that it was possible the

agreement would be scheduled for a second reading on October

16. The first reading occurred in the COR some eight months ago. END COMMENT.)

A BOARD OF ADVISORS FOR HYDROCARBONS

16. (C) Sammarraie raised the issue of the COR's failure to pass a hydrocarbons law, and indicated that it had faced opposition from the Kurds. He suggested that perhaps the time had come for the USG to advise the Kurds that it was in their longer term interests in Iraq to show more flexibility on this issue. The Ambassador said this was being considered and he foresaw the possibility of such a conversation being held with them, although probably after the January elections. The Speaker asked the Ambassador whether it might make sense to create an advisory group or independent board to advise the Ministry of Oil on oil contracts. Representatives from the national government as well as from the provinces, with some experts also serving, that have oil would be members. The opinions of this group would provide credibility that help protect the Oil Ministry -- when it took action on tendering large oil exploration contracts -- against accusations by the COR that the Ministry was not following national contracting standards.

17. (C) Sammarraie also thought such a board could help nudge the federal government away from overly interfering in actions the regional government was taking. He described the idea of a board as a provision in the hydrocarbons law but one that could be put forward separately and passed as a (less controversial) law in parliament. The Ambassador welcomed the suggestion and committed to socializing it with energy experts and others in the USG.

HANDLING A SOVEREIGN IRAQ

18. (C) When asked for his assessment about general prospects for the bilateral relationship, Sammarraie emphasized the importance of the Strategic Framework Agreement (SFA) and the need for Iraqis to feel -- unlike at present -- that they are benefiting from the relationship. Regarding the relationship

more generally, the Speaker agreed with the Ambassador that in general the bilateral relationship was developing in a direction where respect for sovereignty had become a guiding principle. He also encouraged the USG side to show flexibility and pragmatism, adapting the level and style of intervention to fit the issues being addressed.

19. (C) Speaker Sammarraie said he had decided to postpone his travel to Washington to late January or early February, shortly after the January elections.

HILL